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**SUPPLEMENT TO
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THIS IS UNEVALUATED INFORMATION

1. On 31 December 1953, the unsold surplus of medical pharmaceutical supplies in East Germany amounted to about 28 million DME. This was roughly seven million DME less than was expected. 1/ During December 1953, the East German hospitals wanting to use up their 1953 appropriations made a last hour rush and bought more supplies than was expected by the Sales Department of the East German Ministry for Health. The actual surplus of 28 million DME nevertheless represents a serious problem for the Ministry for Health. In early January 1954, the Ministry prepared the draft of a decision to be taken by the Council of Ministers on the strength of which a special credit of 28 million DME is to be granted to DHZ Pharmazie und Krankenhausbedarf (DHZ PuK) to cover the unsold surplus. This credit is to be paid back by 30 June 1954.
2. An investigation undertaken by the Ministry for Health for the purpose of determining as accurately as possible the causes for the existence of the unsold surplus revealed that one of the main causes was the poor organization of trade relations between DHZ and the producing enterprises. Relations between DHZ and VEB Arzneimittelwerk Dresden (AMD) may serve as an example to illustrate conditions existing everywhere in the field. In early 1953, the fifteen branch offices of DHZ PuK put in a total order amounting to 27.6 million DME for various products to be produced by AMD. At the end of June 1953, it became clear that some of the products ordered could not be sold out, whereas others would be sold in quantities higher than originally planned. DHZ put in an additional order for 1.5 million DME for those products which had turned out to be good sellers. AMD accepted the additional order, but, instead of cutting the production of those articles which had proved to be surplus, it continued to produce them at the original rate, together with the additional products ordered. As a result, DHZ had a surplus of about two million DME in articles from AMD alone as of 31 December 1953.
3. The 1954 plan for medical-pharmaceutical production provides for the production of human and veterinary medicaments, sera and bandages to the amount of 505 million DME. The share of centrally controlled industry, i.e., of enterprises directly controlled by the Ministries for Heavy Industry and Health, will be 378 million DME; the

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remainder will be produced by local and private industry and handicraft enterprises.

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